



September 22, 2003

The Honorable Jim DeMint
U.S. House of Representatives
Washington, D.C.

Dear Representative DeMint:

On behalf of the National Small Business Association's 150,000 members, I would like to congratulate you on your Tax Reform Action Commission (TRAC) proposal. The "TRAC Act" is a positive first step down the road of fundamental tax reform.

Compliance with the tax code is a perennial burden expressed by NSBA members. The problem was brought into sharp focus when the Small Business Administration's Office of Advocacy recently released its "Small Business by the Numbers" report. Included in the worksheet of small business statistics is the startling realization that it costs a small business with 20 or less employees \$1,202 to comply with tax regulations per employee. Larger businesses are hardly in the clear as those with 500 or more employees spend on average \$562 per head.

The TRAC Act would act as a catalyst for tax reform. By establishing a debate on fundamental tax reform that must receive congressional attention, you are ensuring that fundamental tax reform is given the serious consideration it deserves.

I would suggest that any panel formed in the wake of the TRAC Act's passage include actual small business owners. With a prominent place in our nation's economy, small businesses are uniquely positioned to report on how any proposed tax system would translate into practice.

In fact, NSBA already supports a replacement for the current Internal Revenue Code. The Fair Tax, a 23% universal sales tax on the purchase of all new goods and services, would collect the same amount of revenue for the federal treasury at a fraction of the price while freeing business owners and consumers from miles of red tape.

Whatever a future panel decides is the best course of action, a frank debate on fundamental tax reform will help bring this important cause into mainstream consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken", with a stylized flourish at the end.

Todd McCracken
President